
Market Indicators

- CSCO *“Money doesn’t flow — it sloshes. Like water in an overfull bathtub money moves in waves, as investors process information and balance the competing desires to grow wealth and protect capital.”* ~ Richard Siple

The following are the charts and indicators I track each week to stay in tune with the pulse of markets.

What you’re going to notice is that I don’t use anything extremely fancy... I keep it simple.

Simplicity is something I’m constantly striving for in all aspects of my trading. 10 years ago I was mainlining a zillion indicators and data points 24/7. When I had a bloomberg terminal I attempted to drink from a firehose of market data, daily. My trading suffered as a result.

It’s common for traders to try and hide their ignorance with external complexity. But part of our job is to consistently strip away the unnecessary and get to the essentials; get at truth and arrive at first principles.

There’s a million great indicators and charts that are not included because I have found them unnecessary but they may work for you or someone else. So by all means don’t take this list as exhaustive but more as a jump off point for you to figure out what works for you. Here’re the essentials that I track right now.

Daily

Everyday I look at the following major indices and markets. I track the major trends and look for any large divergences that could signal further digging.

- SPX500
- DJIA
- NASDAQ
- RUSSELL 2000
- NYSE Composite
- DAX
- NIKKEI
- FTSE
- DXY (I look at all the major US dollar crosses)

- Crude oil
- Gold
- Bonds: ZN1!/TLT

Here's a list of ETFs that I look at daily for the same reasons.

- IWC (Micro cap etf)
- IOO (Global 100 etf)
- IYT (Transport etf)
- XLF (Financial Sector etf)
- EEM (Emerging market etf)
- EMHY (Emerging market high yield bond fund)
- FXI (China large cap etf)
- ASHR (China A-shares)

Then I like to look at the mega caps — those talked about in the media and on message boards daily. Also I scan through the [hedge fund hotel stocks](#). These change over time but here's a list of what I'm following now.

- AAPL
- AMZN
- FB
- GOOGL
- JNJ
- MSFT
- XOM
- TSLA
- JPM
- V
- NVDA

I go through all of these quickly; never spending more than a few seconds on each chart. This process is to maintain my market feel and to see if anything jumps out. If a number of these stocks are breaking down but the broader market is still in an uptrend then I'll look at my indicators below to make a qualitative assessment on the strength of the broader market trend.

Here are the charts I look at daily to gauge risk-sentiment.

- JNK or HYG (High yield etfs)
- SOX (semiconductor index)
- IBB (Biotech etf)

- A select list of high-beta momentum names (this list changes almost weekly)

Following the above tell me everything I need to know about risk appetite in US markets. These will generally lead the market up and down. So when you see these diverging from the indexes you should take note. Also, only closing prices matter. Intraday action is noise. Monthly closes matter more than weekly and weekly more than daily.

Here are the primary breadth indicators I track each day.

- ISSU ([NYSE Advance/Decline](#)) or ADD ([NYSE Advance/Decline](#)) 25 and/or 50-day moving averages. What I do with these is strip out the actual indicator and just look at the moving averages overlaid on the index. This is a great way to see divergences and spot potential market turning points.
- MMTH ([Percent of Stocks above 200-day MA](#)) and MMFI ([Percent of stocks above 50-day MA](#)). I assess these like I would any other charts and again I'm just looking for confirmation of trend between these and the broader indexes. You'll see weakness in these before you'll see it in the index. Same with strength.
- HIGN/LOWN ([New 52-week highs over New 52-week lows](#)). Similar to advance/decline, I strip out the data and just look at a 25 and 50-day moving average in comparison to the index. I also look at the moving averages of each by themselves.

That is my daily bread and butter. It takes me no more than 5 minutes to scroll through everything. And I'll check them once in the morning and once at the close. I have them all on a list in Tradingview and I just hit the arrow key to cycle through them.

I spend the rest of my time doing research during the day. I used to be glued to markets while they were open, watching every tick and move of the indexes and each of my holdings. But I came to the conclusion that doing so is a waste of time and a big negative for one's P&L.

Time is much better spent on doing deep research and thinking hard about your process, risk and new trade opportunities.

Here are some things that I don't look at daily but will track throughout each week.

Weekly

- SPX/EFA ([S&P compared to foreign equities](#))
- IWD/IWF ([Value compared to growth](#)). This is great to spot broader strategy rotation. Currently it looks like we're transitioning from growth stocks leading markets to value taking up the front.
- UVOL/DVOL ([NYSE Up volume over down volume](#)) I'll hide the data and look at the 50 and 100-day MA's overlaid on the index. Like the advance/decline indicators this is great

to compare buying and selling pressures in the market and to look for large divergences between market price and volume pressure. I'll also look at each one separately.

- PC ([Total Put/Call Ratio Composite](#) NYSE and [PCSPX for the S&P](#)) Hide the data and look at the 25 and 50-day moving averages. Good way to track sentiment. You can also follow the [ISE Put/Call ratio](#) which is cleaner because it strips out non-directional market maker and firm trades.
- CRB commodities Index
- \$BPNYA ([NYSE Bullish % index](#))
- \$NASI ([Nasdaq buy/sell momentum index](#))
- !AAIBULL ([Investor bullish percentage](#))
- SPX/TLT ([stocks over bonds](#))
- XLY/XLP ([Consumer discretionary over Consumer Staples](#)) This is a good indicator of consumer strength and thus the health of the economy. In an expanding economy we want to see this ratio trend higher (the 100 and 200-day MA pointing higher).
- TIP/TLT ([Inflation protected bonds over regular bonds](#))
- IWM/SPX ([Small caps over large caps](#)) To gauge risk sentiment.
- SPHB/SPHQ ([High beta over low beta](#)) To gauge risk sentiment and sector rotation.
- HG1!/GC1! ([Copper over gold](#)) One of the best leading indicators of inflation. When copper moves higher in relation to gold, inflation tends to increase shortly after, and vice-versa.

At the end of each week I go through a list of sector and global/country etfs, as well as screen through the currency and commodities markets. In addition, I run a number of fundamental/technical/thematic screens and go through each of those charts.

That's my very quick summary of the market indicators I track each week. Notice I didn't include any macro indicators and that's because those are slow moving and I track those only every few weeks.

Like I said, simple. In 5 years, I hope to strip this process down even more. But as of right now, this list serves me well and keeps me out of any real market selloff and gives me a good sense of trend strength and sentiment levels.